

By: Zaffirini

S.B. No. 1431

A BILL TO BE ENTITLED

AN ACT

relating to escrow payments for a loan secured by a new dwelling.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 343, Finance Code, is amended by adding Section 343.107 to read as follows:

Sec. 343.107. DETERMINATION OF INITIAL AMOUNT OF ESCROW PAYMENTS ON LOAN SECURED BY NEW DWELLING. (a) In this section, "mortgage servicer" has the meaning assigned by Section 51.0001, Property Code.

(b) This section applies only to a home loan secured by real property on which a dwelling has been constructed that is not included on the appraisal roll of the appraisal district that appraises the property for ad valorem tax purposes because the dwelling is a new improvement.

(c) Subject to 12 C.F.R. Section 1024.17, if an escrow account is created for the home loan, the lender or mortgage servicer, as applicable, shall make a good-faith effort to ensure that the amount the borrower is initially required to pay into the escrow account for purposes of payment of the ad valorem taxes imposed on the property is reasonably likely to be sufficient to pay the taxes based on all available evidence, including the probable effect of the newly constructed dwelling on the appraised value, and the market value of comparable improved residential properties in the market area as determined by the appraisal districts that

1 appraise those properties for ad valorem tax purposes as  
2 applicable.

3 (d) A lender or mortgage servicer's failure to ensure that  
4 the amount paid into escrow is sufficient to pay the taxes as  
5 described by Subsection (c) does not affect the lender or mortgage  
6 servicer's security interest in the real property that secures the  
7 home loan.

8 (e) This section does not create a cause of action.

9 SECTION 2. The change in law made by this Act applies to a  
10 loan closed on or after the effective date of this Act. A loan  
11 closed before the effective date of this Act is governed by the law  
12 in effect when the loan was closed, and the former law is continued  
13 in effect for that purpose.

14 SECTION 3. This Act takes effect September 1, 2017.